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Proposed Parameter Authorization
Collin County, Texas

Topics of Discussion

- Bond Sale Results/Recap – Series 2020
- Plan of Finance for Series 2021
- Parameter Order
- Proposed Parameters
- Timetable

Bond Sale Results/Recap – Series 2020

On May 18, 2020, Commissioner’s Court approved a Parameter Order authorizing the issuance and sale of up to \$176,300,00 of bond authorization and a Parameter Order authoring the refunding of prior debt.

	Parameter	Final / Actual	Parameter Met?
<u>New Money</u> Max Principal	\$ 176,300,000	\$ 151,765,000*	✓
<u>New Money</u> Max True Interest Cost	3.00%	2.12%	✓
<u>New Money</u> Final Maturity	2/15/2040	2/15/2040	✓
<u>Refunding</u> Max Principal	\$ 49,000,000	\$ 47,280,000	✓
<u>Refunding</u> Max True Interest Cost	3.00%	1.49%	✓
<u>Refunding</u> Minimum PV Savings (%)	3.50%	12.19%	✓
<u>Refunding</u> Final Maturity	2/15/2032	2/15/2032	✓

* - Series 2020 was sold with a net premium that will result in a \$176,300,000 deposit into the County’s Project Fund at closing.

Highlights:

- Collin County maintained the highest possible level of bond ratings of ‘Aaa’ (Moody’s) and ‘AAA’ (S&P) Ratings
- Both bond issues were ‘oversubscribed’ by investors which led to additional reductions of the bond yield(s)
- The Refunding transaction saved the County \$6,018,776 in future debt service costs

Plan of Finance – Series 2021 Limited Tax Bonds

▪ Limited Tax Refunding & Permanent Improvement Bonds, Series 2021

- County will be issuing \$110,600,000 from voter authorization

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Proposition A - Freeways (Non-Tolled)	11/6/2018	\$ 600,000,000	\$ 211,955,000	\$ 63,600,000	\$ 324,445,000
Proposition B - Thouroughfares (Cities)	11/6/2018	140,000,000	71,000,000	45,000,000	24,000,000
Proposition C - Parks & Open Space	11/6/2018	10,000,000	4,000,000	2,000,000	4,000,000
Total		\$ 750,000,000	\$ 286,955,000	\$ 110,600,000	\$ 352,445,000

- In addition, the County will be currently refunding its Series 2009A Unlimited Tax Bonds for debt service savings
 - Est. Total Debt Service Savings = **\$209,826**
 - Est. Net Present Value Savings = **\$205,599 or 5.85%**
 - Term of the refunded debt not extended
 - Average Rate of Refunded Debt = 3.84% (Avg. Rate of Refunding Debt = **1.02%**)
- Structure of the tax-exempt bonds:
 - New Money will have a 20 Year level debt service structure (except for FY 2022 where principal has been accelerated)
 - Refunding will have a level savings structure without extension of final term of previous debt
 - Estimated current interest rate is **2.23%**

Note: All numbers shown above are preliminary and subject to change. Based on (AAA/Aaa) tax-exempt rates as of May 24, 2021 plus 0.25%.

Plan of Finance – Series 2021 Limited Tax Bonds (Cont.)

- **Limited Tax Refunding Bonds, Taxable Series 2021**

- County will be advance refunding its Series 2012 Limited Tax Bonds and Series 2013A Unlimited and Limited Tax Bonds for debt service savings

- Est. Total Debt Service Savings = **\$1,799,266**
- Est. Net Present Value Savings = **\$1,574,040 or 5.78%**
- Term of the refunded debt not extended
- Level savings structure
- Average Rate of Refunded Debt = 4.14%
- Estimated current interest rate on new debt is **2.09%**

- Both debt issuances are expected to be sold via negotiated sales on **July 29, 2021**

Note: All numbers shown above are preliminary and subject to change. Based on (AAA/Aaa) tax-exempt rates as of May 24, 2021 plus 0.25%.

Parameter Bond Order

- Primary benefit of using a parameter bond order is **market timing/flexibility**
 - The bond issue is in “Day-to-Day” mode, meaning that bonds can be priced at any time and in an interest rate environment that is advantageous to the County rather than being locked into pricing on the date of a Commissioners court meeting.
- **Allowed Under Section 1371 of Texas Government Code**
- Commissioners Court delegates final pricing authority to Court selected Pricing Officers
- Commissioners Court establishes and approves bond sale parameters in the Bond Orders:
 - Maximum Aggregate Principal Amount of the Issue
 - Maximum Interest Rate
 - Minimum Net Present Value Savings
 - Final Maturity Date
 - Expiration of Delegated Authority
- The Pricing Officers can only approve the sale if all parameters that are set by the Commissioners Court have been met
- Collin County has utilized this option for several of its past transactions

Proposed Parameters for Commissioners Court Consideration

Included in the Bond Orders for the Commissioners Court Consideration/Action:

Limited Tax Refunding & Improvement Bonds, Series 2021

- Delegated Pricing Officers: **County Judge** or **County Administrator**
- Maximum Interest Rate: **2.75%** (current market is 2.23%⁽¹⁾)
- Minimum Net Present Value Savings = **3.50%** (current market is 5.85%⁽¹⁾)
- Maximum Principal Amount: **\$114,150,000**
 - Max New Money = \$110,600,000
 - Max Refunding = \$3,550,000
- Maximum Maturity Date: **February 15, 2041**
- Expiration of Parameter Authority: **December 4, 2021** (180 days; which is the maximum allowed by law)

(1) Based on (AAA/Aaa) tax-exempt rates as of May 24, 2021 plus 0.25%. Preliminary, subject to change.

Proposed Parameters for Commissioners Court Consideration (Cont.)

Included in the Bond Orders for the Commissioners Court Consideration/Action:

Limited Tax Refunding Bonds, Taxable Series 2021

- Delegated Pricing Officers: **County Judge** or **County Administrator**
- Maximum Interest Rate: **2.75%** (current market is 2.09%⁽¹⁾)
- Minimum Net Present Value Savings = **4.50%** (current market is 5.78%⁽¹⁾)
- Maximum Principal Amount: **\$30,000,000**
- Maximum Maturity Date: **February 15, 2033** (matches the term of the refunded bonds)
- Expiration of Parameter Authority: **December 4, 2021** (180 days; which is the maximum allowed by law)

(1) Based on (AAA/Aaa) tax-exempt rates as of May 24, 2021 plus 0.25%. Preliminary, subject to change.

Timetable

May-21						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

Jun-21						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

Jul-21						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Complete By	Day	Event
6-May-21	Thursday	Provide initial draft of Preliminary Official Statement (POS) to County, Bond Counsel, Underwriters and Underwriters' Counsel for comments and modifications
18-May-21	Tuesday	Receive information and comments form Working Group to POS
20-May-21	Thursday	Distribution Preliminary Official Statement to Rating Agencies and Working Group for additional comments
31-May-21	Week of	Ratings Calls
4-Jun-21	Friday	Receive additional comments form Working Group to 2nd draft of POS
7-Jun-21	Monday	Court approves Parameters Order
7-Jun-21	Week of	Due Diligence Call
8-Jun-21	Tuesday	Send out 3rd draft of Preliminary Official Statement to Working Group for final review and sign off
16-Jun-21	Wednesday	Receive credit ratings and all final comments to the POS
17-Jun-21	Thursday	Finalize Preliminary Official Statement Send Official Statement to i-Deal Prospectus for Electronic Distribution to Underwriters
29-Jun-21	Tuesday	Potential Pricing of the Bonds
6-Jul-21	Tuesday	Print Final Official Statement
29-Jul-21	Thursday	Closing on the Bonds and delivery of funds